

NATIONAL DAIRY MARKET AT A GLANCE**CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (08/23):**

BUTTER: Grade AA closed at \$0.9625. The weekly average for Grade AA is \$0.9592 (-.0091).

CHEESE: Barrels closed at \$1.1275 and blocks at \$1.1550. The weekly average for barrels is \$1.1250 (-.0015) and blocks, \$1.1530 (+.0030).

NONFAT DRY MILK: Extra Grade closed at \$0.9050 and Grade A at \$0.9200. The weekly average for Extra Grade is \$0.9050 (N.C.) and Grade A, \$0.9200 (N.C.).

BUTTER: Butter markets are generally steady as the cash price continues to hold under \$1.00. Producers and handlers are quite surprised at the current cash price in comparison to past years for this time of the year. Last year at this time, the cash price was \$2.15 and has not been this low during August since 1995 when the AA cash price was \$.85. Many in the butter industry attribute the current cash price to heavier than usual inventories for this time of the season. Typically, producers are actively competing for available cream volumes to build butter stock levels for end of the year demand. This year, churning has been and remains quite active. Although cream is being absorbed into other cream based dairy products, some producers indicate that spot loads of cream continue to be made available to them at fairly competitive prices. Butter handlers feel that current stocks and projected production during the coming few months should be sufficient to meet end of the year needs, with some handlers indicating that orders and sales will need to be quite strong to clear the large volume of available butter.

CHEESE: The cheese market is steady to firm in the Midwest and East and unsettled to weak in the West. Current cheese demand is flat to occasionally improved, best on specialty products. Supplies remain tight to in balance in the Midwest and East. Cheddar and mozzarella are more readily available in the West. CCC announced Kosher Process Cheese Invitation #45 seeking between 39,600 and 237,600 pounds of Kosher process cheese with offers due August 26. CCC sold its last 633,985 pounds of aged blocks and barrels at \$.2000 - .7802 per pound. As product packaged earlier works through the pipeline, this week CCC purchased 1,108,800 net pounds of process.

FLUID MILK: Milk production is steady to seasonally lower throughout the nation. Recent bouts of hot weather reduced cow output and feed availability on many farms. As a result, more milk in the Northern areas of the nation is being shipped into Southern markets. Interest in Class I milk continues to grow in response to schools that have resumed or intend to resume session. Manufacturing demand for milk is generally good, encouraging higher premiums on fluid milk shipments. Condensed skim interest is good and supplies are limited, resulting in reduced NDM drying schedules. The fluid cream market is mixed. Demand is good in the Eastern and Central regions of the nation with higher multiples and limited supplies. In the West, cream is available and interest is lackluster. Overall, cream prices are generally trending lower in response to

declines in the CME butter price that continues to trade below \$1.

DRY PRODUCTS: NDM supplies are tightening and lower movement to the CCC is noted. Churning activity is reduced in the Central and East, decreasing buttermilk output in these areas. However, Western producers report production levels heavier than anticipated and stocks are long throughout the country. Whey prices are trending higher with many plants purporting a sold out position and thereby delaying or shorting orders. In accordance, WPC prices are beginning to firm yet traders are not confident of the upward turn in trends. Lactose prices are unchanged and the market tone is steady. Demand is fair at best with renewed Asian interest generating some trade activity for the month of September.

CCC: During the week of August 19 - 23, CCC net purchases totaled 3,605,997 pounds of NDM. A total of 3,014,007 pounds was purchased from the West and 591,990 pounds from the Midwest. Net purchases of cheese totaled 1,108,800 pounds of process from the Midwest.

COLD STORAGE (NASS): During July, U.S. cold storage holdings of butter total 238.0 million pounds, 2.0% less than a month ago but 57.5% higher than last July. Natural American cheese holdings total 567.5 million pounds, 4.0% heavier than a month ago, and 7.5% more than a year ago. Nonfat dry milk holdings at the end of June total 1.23 billion pounds, 84 million pounds more than May and 285 million pounds more than June 2001. The government holds 86.3% of the total nonfat holdings.

JULY FEDERAL MILK ORDER PRICE AND POOL SUMMARY

(AMS): During July, about 10.3 billion pounds of milk were received from producers. This volume of milk is about the same as the July 2001 volume. (Taking into account the volume of milk not pooled due to intraorder disadvantageous price relationships, the year-to-year change is +3.6%.) About 3.7 billion pounds of producer milk were used in Class I products, 3.1% above the previous year. Calendar composition likely had a positive impact on milk used in Class I in 2002 as compared to 2001. The all-market average Class utilization percentages were; Class I = 36%, Class II = 10%, Class III = 47%, and Class IV = 7%. The weighted average statistical uniform price was \$11.25, \$0.38 lower than last month, and \$5.35 lower than last year.

FEDERAL MILK ORDER ADVANCE PRICES HIGHLIGHTS (DAIRY PROGRAMS): Under the Federal milk order pricing system, the base price for Class I milk for September 2002 is \$10.46, 2 cents lower than the August price. This price is derived from the advanced Class IV skim milk pricing factor of \$6.92 and the advanced butterfat pricing factor of \$1.0805 per pound. Class I differentials specific to each county are added to the base price to determine the Class I price. The Class II skim milk price for September is \$7.62 and the Class II nonfat solids price is \$0.8467 per pound. The following are the two-week product price averages: butter \$1.0010, nonfat dry milk \$0.9091, cheese \$1.1237, and dry whey \$0.1559.

****SPECIAL THIS ISSUE****

JULY COLD STORAGE REPORT (PAGE 7)
COMMERCIAL & GOVERNMENT STORAGE HOLDINGS (PAGE 8)
DAIRY OUTLOOK (PAGE 9)

JULY FEDERAL MILK ORDER PRICE AND POOL
SUMMARY (PAGE 10)
DAIRY GRAPHS (PAGE 11)

**CHICAGO MERCANTILE EXCHANGE
CASH TRADING**

CHEESE: carload = 40,000-44,000 lbs., NONFAT DRY MILK: carlot = 42,000-45,000 lbs., BUTTER: carlot = 40,000-43,000 lbs.

PRODUCT	MONDAY AUGUST 19	TUESDAY AUGUST 20	WEDNESDAY AUGUST 21	THURSDAY AUGUST 22	FRIDAY AUGUST 23	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE							
BARRELS	\$1.1200 (N.C.)	\$1.1250 (+.0050)	\$1.1250 (N.C.)	\$1.1275 (+.0025)	\$1.1275 (N.C.)	(+.0075)	\$1.1250 (-.0015)
40 # BLOCKS	\$1.1300 (N.C.)	\$1.1600 (+.0300)	\$1.1700 (+.0100)	\$1.1500 (-.0200)	\$1.1550 (+.0050)	(+.0250)	\$1.1530 (+.0030)
NONFAT DRY MILK							
EXTRA GRADE	\$.9050 (N.C.)	\$.9050 (N.C.)	\$.9050 (N.C.)	\$.9050 (N.C.)	\$.9050 (N.C.)	(N.C.)	\$.9050 (N.C.)
GRADE A	\$.9200 (N.C.)	\$.9200 (N.C.)	\$.9200 (N.C.)	\$.9200 (N.C.)	\$.9200 (N.C.)	(N.C.)	\$.9200 (N.C.)
BUTTER							
GRADE AA	\$.9525 (-.0025)	----	\$.9625 (+.0100)	----	\$.9625 (N.C.)	(+.0075)	\$.9592 (-.0091)

*Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/MARKETNEWS.HTM

CHICAGO MERCANTILE EXCHANGE

MONDAY, AUGUST 19, 2002

CHEESE — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.1200
 NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
 BUTTER — SALES: NONE; BIDS UNFILLED: 1 CAR GRADE AA @ \$0.9000; OFFERS UNCOVERED: 6 CARS GRADE AA: 1 @ \$0.9525, 1 @ \$0.9600, 1 @ \$0.9675, 3 @ \$0.9700

TUESDAY, AUGUST 20, 2002

CHEESE — SALES: 7 CARS BARRELS: 6 @ \$1.1200, 1 @ \$1.1250; BIDS UNFILLED: 2 CARS 40# BLOCKS: 1 @ \$1.1600, 1 @ \$1.1550; OFFERS UNCOVERED: NONE
 NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

WEDNESDAY, AUGUST 21, 2002

CHEESE — SALES: 1 CAR 40# BLOCKS @ \$1.1700; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
 NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
 BUTTER — SALES: 4 CARS GRADE AA: 2 @ \$0.9525, 1 @ \$0.9600, 1 @ \$0.9625; BIDS UNFILLED: 3 CARS GRADE AA: 1 @ \$0.9250, 1 @ \$0.9225, 1 @ \$0.9200; OFFERS UNCOVERED: 1 CAR GRADE AA @ \$0.9700

THURSDAY, AUGUST 22, 2002

CHEESE — SALES: 3 CARS 40# BLOCKS: 1 @ \$1.1675, 1 @ \$1.1600, 1 @ \$1.1500; BIDS UNFILLED: 1 CAR BARRELS @ \$1.1275; OFFERS UNCOVERED: 2 CARS 40# BLOCKS: 1 @ \$1.1650, 1 @ \$1.1725
 NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

FRIDAY, AUGUST 23, 2002

CHEESE — SALES: 7 CARS 40# BLOCKS: 1 @ \$1.1600, 1 @ \$1.1525, 1 @ \$1.1600, 1 @ \$1.1575, 1 @ \$1.1425, 1 @ \$1.1525, 1 @ \$1.1600; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 5 CARS 40# BLOCKS: 1 @ \$1.1550, 3 @ \$1.1600, 1 @ \$1.1800
 NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
 BUTTER — SALES: NONE; BIDS UNFILLED: 2 CARS GRADE AA @ \$0.9400; OFFERS UNCOVERED: 4 CARS GRADE AA: 1 @ \$0.9775, 1 @ \$0.9800, 1 @ \$0.9825, 1 @ \$0.9850

BUTTER MARKETS

JULY COLD STORAGE

According to NASS, July month-ending cold storage figures for butter total 238.0 million pounds, 58% higher than the amount held last July, but 2% less than June 2002 holdings.

NORTHEAST

The market tone remains unsettled. The CME cash price has held under \$1.00 for the past six (through 8/19) trading sessions. Demand for butter at these prices does not seem to be much improved. Retail sales are still sluggish as retail prices remain in the \$3.00-4.00 area, unless featured. Production levels are light as cream supplies are tight in the East. Butter inventories are more than ample, but fresh supplies are tight. Most print orders are being filled from inventories via microfixing. Sales of bulk butter, f.o.b. East, are reported in a range of flat market to 4 cents over the CME price/average.

CENTRAL

Butter prices remain generally steady in a narrow range just under \$1.00. Producers and handlers are quite surprised at the current cash price in comparison to past years for this time of the year. Last year at this time, the cash price was \$2.15 and has not been this low during August since 1995 when the AA cash price was \$.85. Many in the butter industry attribute the current cash price to heavier than usual inventories for this time of the season. Typically, producers are actively competing for available cream volumes to build butter stock levels for end of the year demand. This year, churning has been and remains quite active. Although cream is being absorbed into other cream based dairy products, Midwestern producers indicate that spot loads of cream continue to be made

available to them at fairly competitive prices. Butter handlers feel that current stocks and projected production during the coming few months should be sufficient to meet end of the year needs, with some handlers indicating that orders and sales will need to be quite strong to clear the large volume of available butter. Current butter demand is not overly aggressive. In light of current stock levels and the low cash price, handlers indicate that most orders are being placed for short term or immediate needs. Food service orders are lighter as most buyers have secured sufficient butter stocks for the upcoming Labor Day holiday and the unofficial end of the summer vacation season. Bulk butter for spot sales is selling in a range of flat – 2 cents per pound over various pricing basis.

WEST

Butter prices remain weak and have traded below a \$1 per pound for the last seven sessions at the CME. The undertone to the market is also being categorized as weak because of heavy production and stocks. Buying activity is rated as fair from the food service industry that services vacation areas of the West. Retail sales are depending on features to move good volumes of butter. Features of store brand butter are bringing the price under the \$1.50 level while major national brands are often above \$4.00. Production of butter is declining seasonally as less cream and milk are available. Some manufacturers have to use stored butter to meet ongoing current butter needs. CME weekly butter stocks declined another 1.66 million pounds to 143.2 million pounds. U.S. Cold Storage stocks of butter stand at 238.0 million pounds at the end of July. This number is 5 million pounds less than June and is the first month to month decline after seven consecutive months of increases. Stocks are 86.9 million pounds larger than last year at this time. Current prices for bulk butter range from 6 cents under to flat market based on the CME with various time frames and averages.

NASS DAIRY PRODUCT PRICES
 U.S. AVERAGES AND TOTAL POUNDS

WEEKENDING	CHEESE		NDM	BUTTER	DRY WHEY
	40# BLOCKS	BARRELS 38% MOISTURE			
AUG 17	1.1282 8,515,391	1.1124 11,427,460	0.9079 28,467,570	0.9717 3,617,979	0.1579 9,931,984

Further data and revisions may be found on the internet at: <http://jan.mannlib.cornell.edu/reports/nassr/price/dairy>

CHEESE MARKETS

NORTHEAST

Prices are generally lower as the prices at the CME did fall last week. The market tone is about steady in the East where cheese production is seasonally light. Surplus milk volumes are lighter than normal as the recent heat wave has had an adverse impact on milk production and yields. Demand for cheese is starting to wind down in the resort areas now that summer vacations are coming to a close and schools reopen. Orders from urban outlets are starting to pick back up as retailers are preparing for the post-Labor Day period when shopping habits get back to normal. Cheese stocks are fairly well balanced and additional needs are easily filled at this time. Food service orders are about steady, but resort area outlets are hoping for a good Labor Day weekend before things start to slow down. Retail sales are still slow to fair.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.2150-1.7100
Cheddar Single Daisies	:	1.1725-1.6325
Cheddar 40# Block	:	1.2900-1.5125
Process 5# Loaf	:	1.3375-1.5150
Process 5# Sliced	:	1.3575-1.6250
Muenster	:	1.3775-1.5825
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

MIDWEST

The cheese market is steady to firm, though with an unsettled undertone. Some buyers and producers expect prices to increase seasonally while other buyers are wary after recent false starts. Current demand is steady to occasionally improved as buyers prepare for fall and the reopening of schools. Overall interest continues somewhat disappointing for many packagers. Current mozzarella supplies are in better balance with demand as pizzerias prepare for the usually stronger fall months. Commercial process movement has picked up for some processors. Some Midwest process cheese continues to clear to CCC under the price support program as product produced in past weeks works through the pipeline. Current cheddar is about in balance in the Midwest though supplemental supplies are readily available from the West. Current milk intakes are fairly steady with recent weeks. Steady to slightly improved cheese yields are offset by increased Class I milk usage as schools reopen. Spot milk supplies are difficult to secure in the region, limiting some producers ability to fill orders.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.3050-1.5300
Brick And/Or Muenster 5#	:	1.5100-1.7125
Cheddar 40# Block	:	1.4300-2.1150
Monterey Jack 10#	:	1.6900-2.1150
Blue 5#	:	1.9050-2.1900
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.4575-2.2150
Grade A Swiss Cuts 6 - 9#	:	1.8000-2.6850

MIDWEST COMMODITY CHEDDAR

Dollars per pound, standard moisture basis (37.8-39.0%),
carlot/trucklot, F.O.B. plants or storage centers.

CHEDDAR STYLES : AUGUST 19 - 23, 2002

BARRELS*	:	\$1.1300 - 1.1425 (NOMINAL)
	:	(-\$.0025) (-.0025)
40# BLOCKS	:	\$1.1300 - 1.1800 (NOMINAL)
	:	(-\$.0225) (-.0175)

() Change from previous week. * If steel, barrel returned.

WEST

Natural and process cheese prices remain weak, but they did stay above the CCC support purchase prices. Offerings of cheese to the support program did increase last week and included block cheese from the West for the first time. A number of buyers believe that prices will fall again and are basing their purchase strategies on that assumption. Contacts are noting that warehouse stocks of cheese are declining. This is occurring more based on reduced production than strong demand. Demand for process cheese items is increasing because of the fast approaching fall season. Interest in mozzarella is often still slow. Some build up of lower quality cheese is noted. All through the summer this type of cheese has been clearing very well. Swiss cheese sales in the West are being called good with stocks in line with expectations. Nationally, Swiss stocks are not in as good shape. At the end of July, holdings total 17.2 million pounds, up 5.7 million pounds from a year earlier. Stocks are also up 17% from a month earlier. Natural American stocks total 567.5 million pounds, an increase of 7.5% (39.6 million pounds). Stocks do trail two years ago by more than 60 million pounds.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.2775-1.5375
Cheddar 40# Block	:	1.2725-1.4125
Cheddar 10# Cuts	:	1.4525-1.6725
Monterey Jack 10#	:	1.4625-1.6275
Grade A Swiss Cuts 6 - 9#	:	2.2600-2.4100

FOREIGN

Prices are steady to lower and the market tone is unchanged. Labor Day typically marks the beginning of the school-year in the Northeast and a time when foreign type cheese sales start to improve. Distributors are hopeful that this is the case this year. Demand has been relatively slow, but as shopping/consumption habits get back to normal, retail sales are expected to improve.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

NEW YORK		
VARIETY	IMPORTED	DOMESTIC
Roquefort	TFEWR	-0-
Blue	2.6400-3.1400	1.5125-3.0025*
Gorgonzola	3.2400-5.9400	2.0325-2.4900*
Parmesan (Italy)	TFEWR	2.9325-3.0125*
Romano (Italy)	2.1000-3.1900	-0-
Provolone (Italy)	3.4400-5.5000	1.5200-1.7450*
Romano (Cows Milk)	-0-	2.7100-4.8900*
Sardo Romano (Argentina)	2.8500-3.2900	-0-
Reggianito (Argentina)	2.6900-3.2900	-0-
Jarlsberg-(Brand)	2.7500-3.6900	-0-
Swiss Cuts Switzerland	-0-	2.3500-2.5500
Swiss Cuts Finnish	2.6000-2.8500	-0-
Swiss Cuts Austrian	TFEWR	-0-
Edam	:	:
2 Pound	TFEWR	-0-
4 Pound	2.1900-2.8900	-0-
Gouda, Large	TFEWR	-0-
Gouda, Baby (\$/Dozen)	:	:
10 Ounce	27.8000-31.7000	-0-

* = Price change.

WEEKLY COLD STORAGE HOLDINGS-SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

	BUTTER	CHEESE
08/19/02	70,931	139,359
08/01/02	71,854	141,769
CHANGE	-923	-2,410
% CHANGE	-1	-2

FLUID MILK AND CREAM

E A S T

Spot shipments of Grade A milk into or out of Florida and other Southeastern states

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	94	0	68	0	156	0
SOUTHEAST STATES	0	0	0	0	182	0

During July, milk production in the 20 major states totaled 12.30 billion pounds, up 2.3% from July 2001. The following are the July-to-July changes for selected states: Texas +6.7%, New York +4.4%, Virginia +2.0%, Vermont -0.4%, Florida -1.6%, Pennsylvania -1.7%, and Kentucky -3.0%. The Northeast's heat wave broke early in the week, but temperatures are still quite high in the Middle Atlantic area and the Southeast. Milk output ranges from steady in the Northeast to still falling in the Deep South. Reports indicate the milk output in Louisiana is falling noticeably due to the hot, dry conditions that persist. Florida's milk output is declining in the more southern counties while steady further north. Fluid milk supplies are steady to generally tighter. School reopenings are drawing more milk in the southern portions of the region. Florida's need for "outside" milk is slowly increasing, but not up to anticipated volumes due to lighter needs and higher than expected milk output. This week's milk came from Michigan and Pennsylvania. Handlers in other Southeastern states are starting to bring in milk to meet needs, but this milk is, so far, intra-organization shipments and not counted in the spot total. In the Middle Atlantic area, school lunch pipelines are being filled. Typically, orders for milk range back and forth between heavy and light before they settle into normal routines when all schools get back in session. In New York and New England states, schools open after Labor Day and bottling schedules won't be affected until late next week. Surplus milk supplies are light and some operations have had to cut back on processing schedules. The condensed skim market is little changed. Prices are steady and demand is quite good. Some butter/powder plants are clearing all their skim solids as a liquid and have nothing left to dry. The fluid cream market is firm as supplies have tightened seasonally. Offerings are the tightest early in the week, while slightly more available after Wednesday. Spot prices are often lower as the CME cash butter average did fall another two-plus cents last week. Spot demand for cream is seasonally very good. Despite the high (often in the low 140's) multiples, many users see cream prices as very low for this time of year. The last time the Grade AA butter price was under \$1.00 was during August 1995 and the last time the Grade A (then the basis for most cream sales) was this low was during August 1997. Ice cream makers are taking quite a few extra/spot loads now that cream prices are so low and demand for their products is seasonally high. Cream cheese makers are also taking extra loads of cream when they are available. Churning activity is limited.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. PRODUCING PLANTS: NORTHEAST	-	1.3169-1.4040
DELIVERED EQUIVALENT ATLANTA	-	1.3266-1.4137 M 1.3556-1.3944
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	1.3169-1.4137

PRICES OF CONDENSED SKIM, \$ PER LB WET SOLIDS

F.O.B. PRODUCING PLANTS:

NORTHEAST- CLASS II - INCLUDES MONTHLY FORMULA PRICES - .9750-1.0200

NORTHEAST- CLASS III - SPOT PRICES - .8700- .9200

M I D W E S T

Class I demand is steady to occasionally improved within the area, attributed mainly to the reopening of additional schools for the new year. Milk supplies are very tight and the increased volume needed to fill the school pipeline will tighten supplies further next week. Some contracted volumes of milk are moving south from the region, but spot interest for many usual shippers remains light. Manufacturing milk interest is very good and some demand is currently going unsatisfied. Spot manufacturing milk premiums range from \$2.25 - 2.50 over class on a light test since most handlers are hard pressed just to meet regular commitments. Most manufacturing plant operators are not happy in giving up any milk to bottlers since some already have to turn down and/or limit cheese orders due to the lack of milk. Cream interest is generally good. Some stores have been featuring ice cream and/or novelties to clear inventory as well as stimulate sales while keeping regular prices steady.

Condensed skim prices range from \$.88 to \$1.02, depending on Class. Demand for condensed is good, notably from Class III accounts. Current milk receipts are fairly steady. At least a few plant operators have seen a slight rebound in fat and protein tests as temperatures and humidity moderated somewhat. A midweek rain through much of the upper tier of states brought some localized flooding and may help soybean, and hay yields, improve pastures, but will likely do little to help the corn crop. Some dry areas persist as crops have limped from one shower to the next. Experts in several Midwest states have been providing producers with information on how to harvest drought affected crops for animal feed.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	AUGUST 15 - 21	PREVIOUS YEAR
SLAUGHTER COWS	\$ 35.00- 40.50	\$ 41.50- 46.00
REPLACEMENT HEIFER CALVES	\$350.00-520.00	\$360.00-570.00

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	AUGUST 15 - 21	PREVIOUS YEAR
SLAUGHTER COWS	\$ 35.00- 44.00	\$ 43.50- 50.50

W E S T

Milk production for the 20 surveyed states in July totals 12.3 billion pounds, up 2.3% from July of a year ago. Cow numbers were up 40,000 head from last year and 7,000 head from last month. Output per cow increased 1.8%. Output for selected Western states compared to last year is as follows: Arizona +0.4%, California +6.3%, Idaho +5.6%, New Mexico +15.6%, and Washington +0.4%. Cow numbers in these five Western states increased 125,000 head from last year. Idaho, for the first time, has moved ahead of Minnesota in monthly milk production and now stands at number five nationally. This has occurred even with Idaho output per cow less than last year at this time. CALIFORNIA milk output is showing some effects from the heat wave of last week in localized areas, but the return of cooler temperatures has also resulted in the return of milk. Areas of the Central Valley saw declines of several percentage points, but recovery was noted this week. In Southern California, weather conditions are highly favorable for the milking herds. Cooler and dryer weather than normal allows for cow comfort and lack of flies. Northern areas are only seeing slight seasonal declines in output with total volumes above a year ago. NEW MEXICO milk output is holding up rather well seasonally. Milk continues to be moved out of state for processing. A plant that was down for renovations/additions is now back on line and taking milk this week. Weather conditions are favorable for milk production. Haying has mostly reached the completion of fourth cuttings in the south, well into the third in the north. ARIZONA milk production is slowing down at expected rates. The effects of the summer and time in lactation are having impacts on milk output. Handlers are pulling more milk to handle school milk programs. This is impacting the amount of milk entering manufacturing plants in the state. Cream markets remain rather lackluster. Buying interest is mainly centered on contracted volumes with spot interest uninspired. The Grade AA butter price at the CME remains below \$1.00 and reported supplies are historically heavy. Western cream multiples are slightly lower at 109 to 126, FOB. Milk production is slow to rebound from the heat caused stress from last week in the PACIFIC NORTHWEST. Contacts note that the financial stress on producers in the region is becoming heavier with each passing day. More banks and producers are looking at the cost and return sides of the equation and they are deciding that the best option is to cease production after receiving their deficiency payment checks this fall. Accounts receivables at suppliers businesses are increasing rapidly and some of them are wondering if they will be able to weather the current low price cycle. Hay prices are slowly increasing and quality is deteriorating. Anecdotal evidence suggests that the corn silage crop is experiencing more stress and that there is more concern about volumes to harvest. Some producers that had not booked grain supplies are looking at the current weaker prices as a second chance to get something on the books. Conditions are close to ideal for good milk production in UTAH and IDAHO currently. Temperatures are very seasonal. A continued rebound in plant receipts is noted after the declines caused by significant heat stress in July. Most plant operators are noticing that tests on incoming milk receipts are increasing. More irrigation water is being shut off in the region as the weeks of summer disappear.

NDM, BUTTERMILK & WHOLE MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL AND EAST

CENTRAL: Prices are unchanged on a mostly steady market. Offerings to the CCC are again noted at the 90 cent price level. Low heat supplies are generally tight yet plants with stocks available are having difficulty in garnering sales at the high end of the range. Extra Grade and off grade product from the West are available to supplant Central region NDM supply deficiencies. Production of low heat NDM is lower while output of high heat NDM is trending higher for the mostly contractual interest. Increasing fluid milk demand from cheese and bottling facilities is expected to decrease NDM output in the near term. Condensed skim is a competitive substitute to NDM into some locations with supplies rather limited.

EAST: The market tone continues to firm and Eastern prices are unchanged. Production levels are lighter. At least two drying operations have so little milk and continued good sales of condensed skim that they are not doing any drying. They do not expect to dry skim unless they absolutely have to during the next couple months. Other Eastern drying facilities have cut back on operations because of the tightening milk supply. Surplus milk supplies will only get tighter during the next several weeks as more milk is funneled into Class I channels for school lunch programs. Demand for NDM ranges from fair to improved. Some Eastern buyers, if they have not already, expect that they will have to pull powder in from the West to supplement local supplies. Despite the tighter supply, buyers are not overly eager to purchase too far ahead. Contacts continue to discuss the possibility of a tilt. No Eastern NDM has been offered to CCC during the past four weeks. In fact, more than five million pounds of previously offered powder was canceled during the first week of August.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A

LOW/MEDIUMHEAT: .9000 - .9600 MOSTLY: .9200 - .9400

HIGHHEAT: .9575 - 1.0100

NONFAT DRY MILK - WEST

Low and medium heat NDM prices are holding mostly steady, although slightly higher on the bottom end of the range. Surplus NDM continues to clear to the support program on a weekly basis, but total volumes are trending lower. Producers would like to get to a balance where the surplus price is the floor and they would then not discount below that price. With some tightening of milk supplies in the region and NDM being shipped to fill in for orders in other regions, this is better able to be accomplished. During the week of August 12 - 16, adjusted support program purchases totaled 8,998,394 pounds of NDM with 8,736,377 pounds from the West. Prices are slightly lower for high heat NDM. Market conditions are slow to develop. Demand is not materializing for new accounts. Drying is often higher as time becomes available at production plants. Some seasonal interest is noted. Stocks are adequate for trade needs.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A

LOW/MEDIUMHEAT: .8900 - .9575 MOSTLY: .9000 - .9050

HIGHHEAT: .9225 - .9475

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
August 16	\$.9009	18,477,992	8,732,124
August 9	\$.9006	15,675,440	9,210,710

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Total sales (pounds) include sales to CCC. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

DRY BUTTERMILK - CENTRAL

Prices are lower on a weak market. Supplies are generally higher than anticipated for this time of year. Interest from dry blending and ice cream facilities is improved compared to the week prior. However, overall interest is generally lackluster. Production is light due to lower churn activity and steady movement of condensed buttermilk into ice cream facilities. However, as schools resume session, greater cream output and butter production is expected, resulting in heavier buttermilk production. West coast supplies remain a competitive substitute to Central region buttermilk for the light to fair interest.

F.O.B. CENTRAL: .7500 - .7900

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices are unchanged to higher, but the market tone is unchanged. Eastern prices remain nominal. Production levels are lighter as there is little churning taking place in the East. Producer stocks are often heavier than desired, but getting back into better balance with the limited churning activity currently being reported. Demand is just fair. Some "off grade" powder is being offered at prices below the market.

F.O.B. NORTHEAST: .7800 - .8350

DELVD SOUTHEAST: .7800 - .8550

DRY BUTTERMILK - WEST

The Western dry buttermilk prices are mixed to mostly steady with spot trading volumes remaining limited across the region. Demand is light and fails to clear current offerings. Production is moderate and often exceeds planned levels. Stocks remain available from many producers and suppliers.

F.O.B. WEST: .7300 - .7650 MOSTLY: .7300 - .7400

DRY WHOLE MILK - NATIONAL

Prices, though mixed within the range, are steady and nominal. Production levels remain light and plant inventories are closely balanced. Most producers continue make product on an as needed basis.

F.O.B. PRODUCING PLANT: 1.1100 - 1.2000

WHEY, CASEIN & EVAPORATED MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

DRY WHEY - CENTRAL

Prices are higher on a firm market. Export interest is improving into Mexico and sections of South America. Domestic feed buyers are cautiously expressing interest in additional loads and securing supplies through the remainder of the year. Brokers and resellers are trading at higher prices and cautiously watching the market as the firm undertone is not certain in the long term. Production is mostly steady as milk is diverted away from NDM facilities and into bottling and cheese vats. Inventories are mixed. Some plants are running short and selectively clearing supplies to buyers while at other locations, supplies are readily available. Condensed whey supplies are generally in balance with demand.

F.O.B. CENTRAL: .1625 - .1775 MOSTLY: .1625 - .1725

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices are unchanged to fractionally higher and the market tone remains in a firming trend. Eastern prices are nominal. Demand is improving now that prices seem to be moving a little higher, but Eastern supplies are tight and few spot sales are being reported at the producer level. Eastern production is lighter as milk supplies are tight. Dry whey stocks are often tighter. Contracts are keeping some plants out of the spot market. Last week's heat wave did create some dryer problems, but weather conditions are better this week. However, the tighter milk supply is forcing lower cheese and dry whey output. There are continued reports of contract shipments being "pushed back" because of the lower output. Speculators and users are making more inquiries now that they feel the prices will not fall any further. Because spot buyers are not finding loads at the producer level, many are looking to the resale market and finding that premiums are between 1.5 - 2 cents over the current market.

F.O.B. NORTHEAST:	EXTRA GRADE	.1625 - .1725
	USPH GRADE A	.1775 - .1875
DELVD SOUTHEAST:		.1925 - .2075

DRY WHEY - WEST

Prices for Western whey range from steady to fractionally higher. The market generally seems to have a firmer undertone. A number of plants are reporting that they are sold out of powder until into September. It appears that inventory levels are in better balance for the most part. Production is declining seasonally, but generally still remains above predicted levels. Little new export interest from Asia is apparent and competition for those sales from Europe and Oceania is very strong. Not all contacts are convinced that the domestic market has put in a bottom and will continue to increase, but the signs point that way currently.

NONHYGROSCOPIC: .1400 - .1725 MOSTLY: .1450 - .1525

ANIMAL FEED WHEY - CENTRAL

Prices are unchanged and nominal on a steady to firm market. Interest in milk replacer whey is good yet supplies are limited. Roller ground production is steady with supplies generally in balance with demand. Some roller ground prices are increasing in conjunction with rising Extra Grade whey prices. Delactose trading is mostly contractual with prices benchmarked on current WPC and whey markets. A lack of reporting on delactose suggests that the delactose market may no longer be a report of interest. Early weaned pig and North Central veal markets are trending weak.

F.O.B. CENTRAL:	
MILK REPLACER:	.1500 - .1550
ROLLER GROUND:	.1525 - .1850
DELACTOSE (Min. 20% protein):	.3500 - .3650

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are mixed yet generally trending higher. Similar to the whey market, a cautious undertone is noted as the market firms. Supplies are mixed with some plants readily offering out stocks and others canceling shipments and shorting loads. While edible buyers are accepting of price changes, feed users are somewhat resistant to the new market direction. Although domestic and imported high protein products are reportedly available at competitive prices, feed buyers are generally picking up spot loads of WPC 34% without a discount. Export inquiries are noted but export sales are nominal. Off grade product is readily available for the fair to good interest.

F.O.B. EXTRA GRADE 34% PROTEIN: .4000 - .4425 MOSTLY: .4225 - .4325

LACTOSE - CENTRAL AND WEST

Prices are unchanged on a steady market. Increased inquiries are noted from Japan, China, Vietnam and Australia. Producers are uncertain as to whether the inquiries will lead to product movement yet efforts are being made to secure supplies for possible shipment in September. Fourth quarter negotiations for most firms are not expected to occur until the second week in September with anticipations of a steady market at best. Production and stocks are mostly unchanged with supply shortages at one location, counterbalanced by excess stocks at another. Higher mesh sizes are being requested by some pharmaceutical companies. Increases in whey prices are not impacting domestic feed interest in lactose. However, movement of off grade lactose is good at prices slightly below the range.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

F.O.B. EDIBLE: .1400 - .2250 MOSTLY: .1450 - .1700

CASEIN - NATIONAL

Casein markets are weak with prices unchanged to generally lower. Negotiations continue to occur for fourth quarter deliveries. Stocks of casein are mixed with rennet in a tighter position than acid. Potential casein producers continue to discuss the recent 10 - 30 cent rejection by USDA for the sale of government owned skim milk powder for the production of casein in the states. For some, there are still many unanswered questions for them to fully buy into the idea of developing a casein production industry in the states.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE F.O.B., U.S. WAREHOUSE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET:	1.9500 - 2.1500
ACID:	1.7500 - 2.0000

EVAPORATED MILK - NATIONAL

Prices and the market tone are little changed. Production levels are lighter as surplus milk supplies have tightened across much of the country. Demand is slow to fair, but retailers are starting to think about fall needs. Producer inventories are fully adequate to meet current needs. Announcement EVD1, invitation 730 as reported last week, has been amended. The due date for offers was changed to 9:00 a.m. CDT, August 26, 2002.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$18.00 - 30.00

Excluding promotional and other sales allowances. Included new price announcements.

MONTHLY COLD STORAGE REPORT – TOTAL U.S. STOCKS

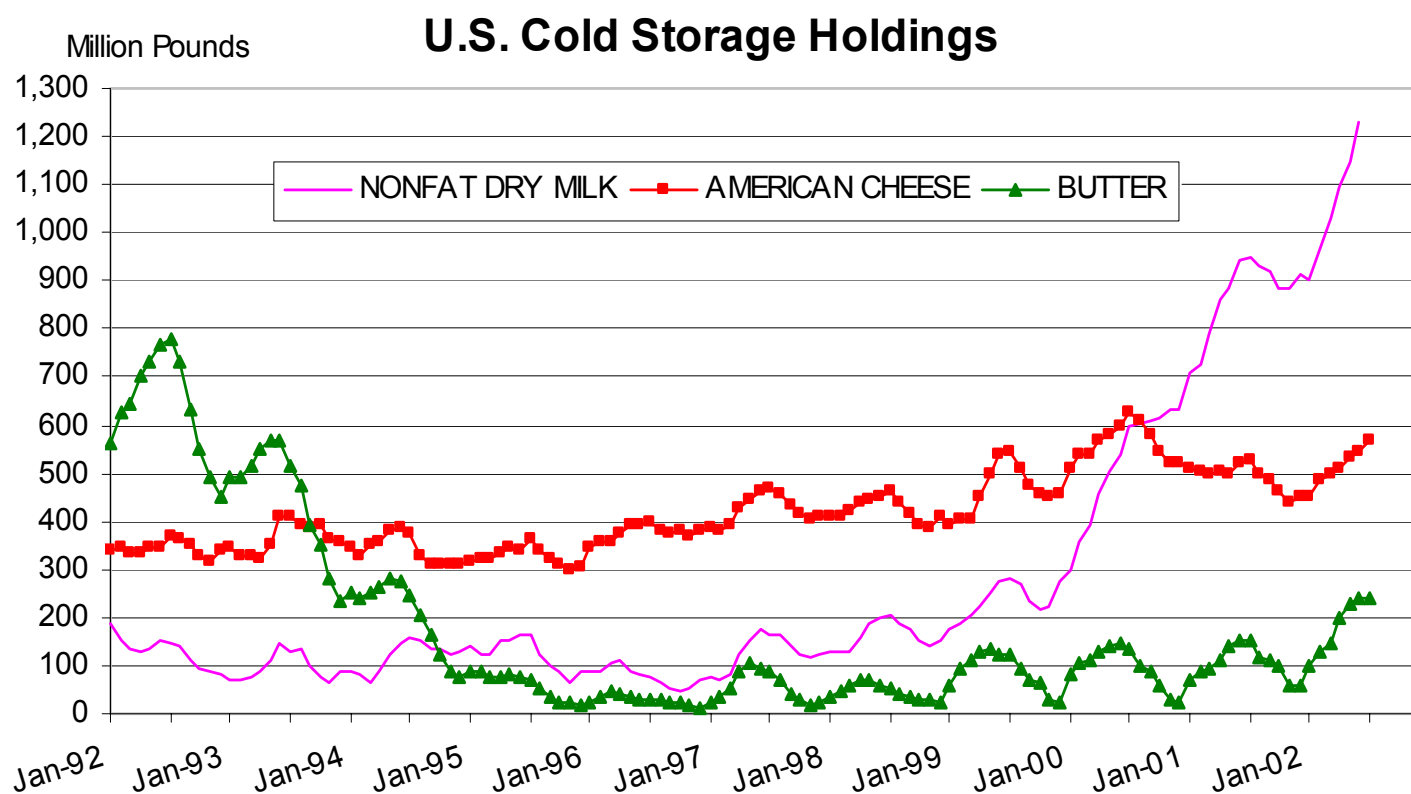
NOTE: Data for this report is collected from public, private and semiprivate warehouses, apple houses, and meat packing plants where food products are generally stored for 30 days or more. Commodities in space owned or leased and operated by the armed services are not reported. Food stocks held under bond are included in the storage data.

All stocks in thousand pounds except where otherwise indicated

U.S. HOLDINGS OF DAIRY PRODUCTS						
COMMODITY	JUN 30, 2000	JUN 30, 2001	REVISED JUN 30, 2002	JULY 31, 2000	JULY 31, 2001	JULY 31, 2002
Butter	145,786	153,486	242,999	136,928	151,123	238,047
Cheese, Natural American	596,616	521,543	545,710	628,284	527,916	567,523
Cheese, Swiss	15,105	11,990	14,655	14,906	11,479	17,161
Cheese, Other Natural	216,387	205,619	232,105	227,075	213,169	240,849
U.S. GOVERNMENT OWNED COLD STORAGE HOLDINGS						
Butter	420	829	2,026	391	815	1,992
Natural American Cheese	46	1,734	786	163	1,600	572

JULY COLD STORAGE HOLDINGS BY REGION									
REGION	Natural American Cheese			Butter *			Other Natural Cheese		
	2000	2001	2002	2000	2001	2002	2000	2001	2002
New England	22,993	24,231	20,826	---	---	---	899	416	343
Middle Atlantic	53,931	58,899	67,636	---	---	---	16,734	28,447	43,019
East North Central	308,634	233,117	220,602	---	---	---	104,937	102,427	113,374
West North Central	128,618	101,461	138,011	---	---	---	79,897	58,395	66,695
South Atlantic	5,375	5,025	4,039	---	---	---	606	201	2,101
East South Central	0	0	231	---	---	---	204	169	196
West South Central	521	505	3,133	---	---	---	528	466	203
Mountain	15,579	14,325	10,281	---	---	---	6,175	6,620	593
Pacific	92,633	90,353	102,764	---	---	---	17,095	16,028	14,325
TOTAL	628,284	527,916	567,523	136,928	151,123	238,047	227,075	213,169	240,849

*Regional breakdowns are not reported to avoid possible disclosure of individual operations.



COMMERCIAL AND GOVERNMENT STORAGE HOLDINGS, JANUARY 2001 TO DATE

Month	Butter						Natural American Cheese						Nonfat Dry Milk					
	Total <u>1/</u>		Commercial		Government		Total <u>1/</u>		Commercial		Government		Total <u>1/ 2/</u>		Commercial		Government <u>2/</u>	
	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
	Million Pounds						Million Pounds						Million Pounds					
January	100	68	100	68	<u>3/</u>	<u>3/</u>	454	507	453	505	1	2	900	708	120	145	780	563
February	131	86	129	86	1	<u>3/</u>	485	506	484	504	1	2	966	726	142	138	823	589
March	146	96	144	95	1	1	498	500	497	498	1	2	1,028	791	158	123	871	668
April	199	112	197	112	2	1	508	503	508	501	1	2	1,093	858	161	127	933	731
May	227	138	225	137	2	1	531	497	531	496	1	2	1,146	882	166	134	981	747
June	243	153	241	153	2	1	546	522	545	520	1	2	1,230	945	169	166	1,062	779
July	238	151	236	150	2	1	568	528	567	526	1	2		950		147		803
August		118		117		1		499		497		2		930		109		821
September		111		111		<u>3/</u>		488		486		1		918		103		815
October		101		100		<u>3/</u>		463		462		1		885		100		785
November		58		58		<u>3/</u>		438		438		<u>3/</u>		882		113		769
December		56		55		<u>3/</u>		449		448		1		912		136		776

1/ Total may not add due to rounding. 2/ Includes instant nonfat dry milk. 3/ Less than 500,000 lbs.

COMMERCIALLY OWNED COLD STORAGE HOLDINGS FOR THE UNITED STATES 1/

Commodity	Jun 30, 2000	Jun 30, 2001	Jun 30, 2002	Jul 31, 2000	Jul 31, 2001	Jul 31, 2002
	Thousand Pounds					
Butter	145,366	152,657	240,973	136,537	150,308	236,055
Natural American Cheese	596,570	519,809	544,924	628,121	526,316	566,951

1/ Total holdings minus Government owned holdings. For more information, see page 7 of this report.

SOURCE: "Cold Storage," Co St 1 (8-02) and "Dairy Products," Da 2-6 (8-02), Agricultural Statistics Board, National Agricultural Statistics Service; and "Summary of Processed Commodities in Store," Farm Service Agency.

DAIRY OUTLOOK

Milk Production Jumps -- April-June milk production grew 3 percent from a year earlier, following an increase of more than 2 percent in the first quarter. Milk per cow recovered substantially from the 2001 slips but did not completely reach its long-run trend. Compared with typical changes, first-half strength in milk production owed as much to milk cow numbers as it did to vigorous milk per cow. And, some of the increases in milk cow numbers came in unusual places.

First-half milk production grew rapidly in the western regions. Increased cow numbers were the primary factor as milk per cow returned to only about 2000 levels. Heifer supplies, hay prices, and increased restrictions on new dairy farms in some areas continue to slow industry development in the West, but pent-up expansion pressures from the relatively strong returns of earlier years kept cow numbers rising. Milk production recovered considerably in the Northeast and quite modestly in the Southern Plains and Appalachian regions. Meanwhile, output continued to decrease in the remaining southern regions and the Lake States, mostly the result of dairy farm exits.

States posting gains of 5 percent or more in first-half milk production fit into three categories. New Mexico, Idaho, and California are long-expanding states where such large increases are not unusual, particularly when expansion had been somewhat stifled. In Arizona, New York, and Ohio, milk production simply bounced back after being quite weak a year earlier. Lastly, Oregon, Kansas, and Colorado (states that generally have had stable or declining long-run milk production) have joined the ranks of states with large increases in milk cow numbers and milk production. Like Indiana earlier, these areas have been part of an emerging pattern--cluster development of dairy farms.

Developing a cluster of new large dairy farms can offer advantages in financing and obtaining needed permits, particularly in areas without a history of large-scale dairying. Such a cluster automatically attracts input suppliers and market outlets for the milk. This development pattern is much lumpier than the more traditional style of incremental addition of individual farms and can generate large proportional increases in states with relatively small milk production.

Weather, irregular forage quality, and continuing adjustments to accommodate tight supplies of replacement heifers have combined to limit the recovery in milk per cow. If feed grain and oilseed crops continue to deteriorate, low milk-feed price ratios may join the list of hindrances to full recovery in milk per cow. Ratios during the second half of 2002 and 2003 are currently projected to stay at levels associated with below-trend growth in milk per cow.

The lower 2002 returns are expected to erode the increase in milk cow numbers generated by earlier returns. Second-half returns over concentrate costs are projected to average well below those of any recent year, even when the direct market loss payments are taken into account. However, expanding producers have been more successful in overcoming obstacles to growth than was earlier expected, and milk cow numbers may stay above a year earlier through the end of 2002. For all of 2002, milk production is projected to rise almost 3 percent on the strength of a sizable rise in milk per cow and a tiny increase in average milk cow numbers.

SOURCE: "Livestock, Dairy, and Poultry Outlook", LDP-M-98, August 15, 2002, Economic Research Service, USDA. For more information, contact James J. Miller, (202) 694-5184.

FEDERAL MILK ORDER PRICE AND POOL SUMMARY, JULY

HIGHLIGHTS. Handler reports of receipts and utilization under the Federal milk order system for July have been filed and tabulated. Combined totals for the 11 consolidated orders are being released. During July, about 10.3 billion pounds of milk were received from producers. This volume of milk is about the same as the July 2001 volume. (Taking into account the volume of milk not pooled due to intraorder disadvantageous price relationships, the year-to-year change is +3.6 percent.) About 3.7 billion pounds of producer milk were used in Class I products, 3.1 percent above the previous year. Calendar composition likely had a positive impact on milk used in Class I in 2002 as compared to 2001. The all-market average Class utilization percentages were; Class I = 36%, Class II = 10%, Class III = 47%, and Class IV = 7%. The weighted average statistical uniform price was \$11.25 per cwt., \$0.38 lower than last month, and \$5.35 lower than last year.

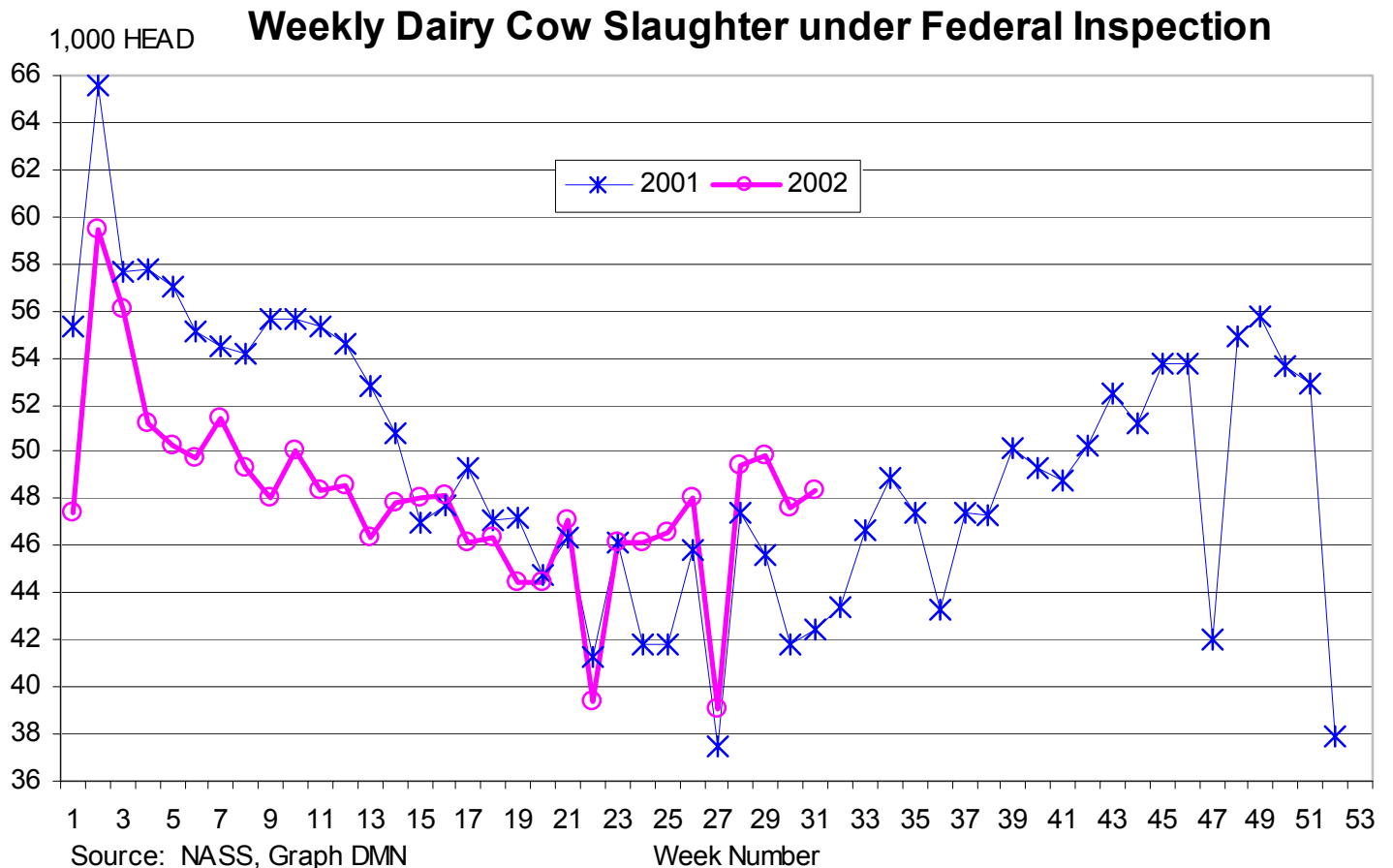
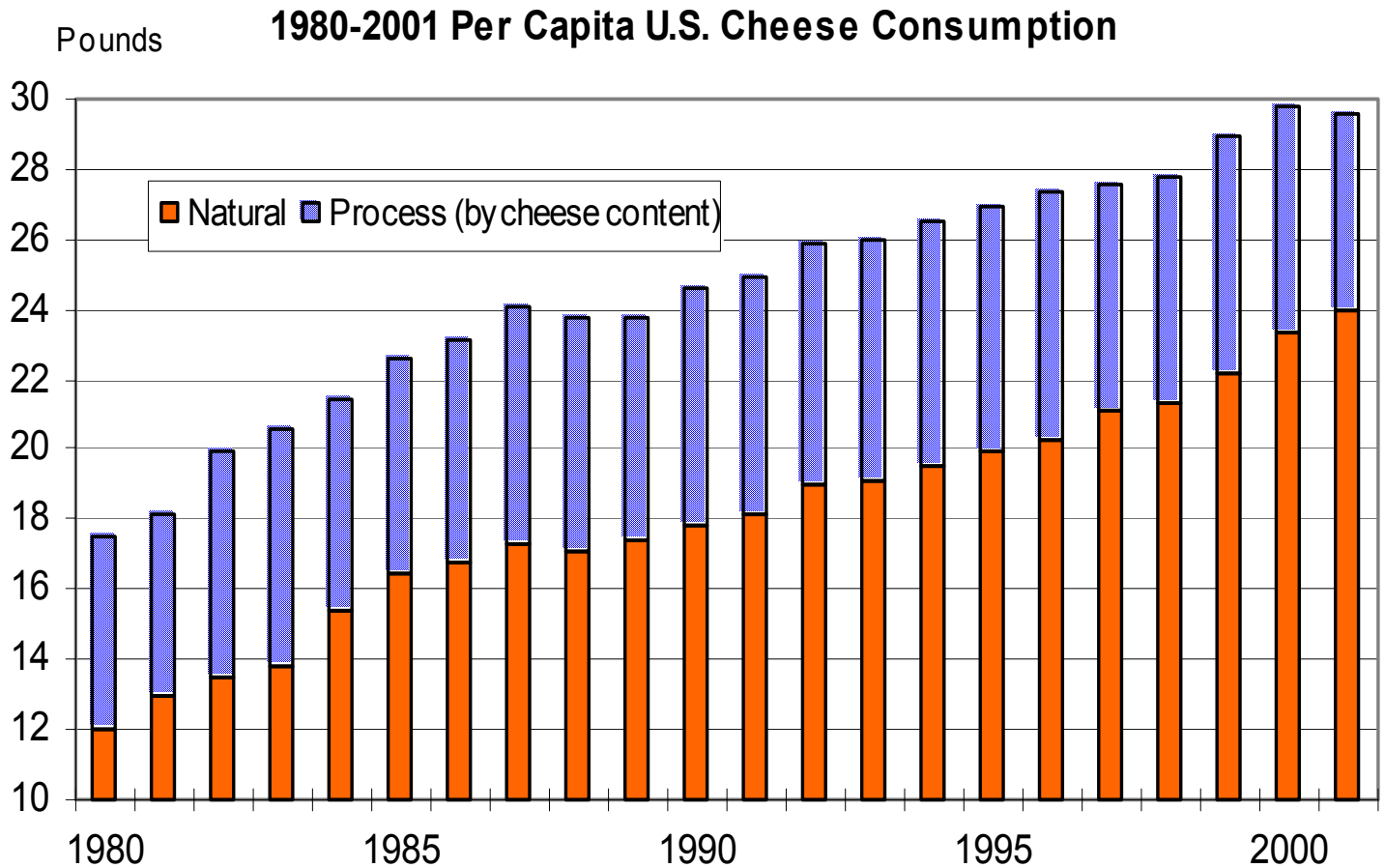
PRICE AND POOL STATISTICS FOR FEDERAL MILK ORDER MARKETING AREAS FOR THE MONTH OF JULY 2002										
FEDERAL MILK ORDER MARKETING AREA <u>1/</u>	ORDER NUMBER	RECEIPTS OF PRODUCER MILK		UTILIZATION OF PRODUCER MILK IN CLASS I			UTILIZATION OF PRODUCER MILK IN OTHER CLASSES			UNIFORM PRICE <u>2/</u>
		TOTAL	CHANGE FROM PREV. YEAR	TOTAL	CHANGE FROM PREV. YEAR	PERCENT	CLASS II	CLASS III	CLASS IV	
		MIL. LBS.	PERCENT	MIL. LBS.	PERCENT		PERCENT			\$ PER CWT.
Northeast (Boston)	001	2,188.0	3.0	861.8	3.3	40	19	32	9	12.05
Appalachian (Charlotte)	005	529.2	1.3	368.2	6.7	70	17	6	7	12.88
Southeast (Atlanta)	007	607.4	2.0	380.3	0.1	63	13	21	3	12.55
Florida (Tampa)	006	215.8	-4.4	194.5	-1.4	90	8	2	<u>3/</u>	14.19
Mideast (Cleveland)	033 <u>4/</u>	1,430.1	-13.4	522.9	2.4	37	7	54	2	10.85
Upper Midwest (Chicago)	030 <u>4/</u>	1,512.6	0.8	321.3	5.9	21	3	75	1	10.13
Central (Kansas City)	032 <u>4/</u>	1,588.7	0.2	387.3	1.4	24	7	67	2	10.44
Southwest (Dallas)	126 <u>4/</u>	827.9	14.6	325.0	3.6	39	11	33	17	11.81
Arizona-Las Vegas (Phoenix)	131	240.1	3.4	77.9	6.5	32	4	38	26	10.87
Western (Salt Lake City)	135 <u>4/</u>	436.1	-2.5	89.7	7.1	20	7	72	1	10.26
Pacific Northwest (Seattle)	124	677.5	5.2	173.1	2.7	26	6	36	32	10.66
ALL MARKET AVERAGE OR TOTAL	<u>4/</u>	10,253.4	0.0	3,702.0	3.1	36	10	47	7	11.25

1/ Names in parentheses are the major city in the principal pricing point of the market.

2/ Statistical uniform price for component pricing orders (Class III price plus producer price differential). For other orders, uniform skim milk price times 0.965 plus uniform butterfat price times 3.5.

3/ Less than 0.5 percent.

4/ Due to a disadvantageous relationship between intraorder class prices and the location adjusted statistical uniform (blend) price in these markets, handlers elected not to pool an estimated 470 million pounds of milk that normally would have been associated with these markets. In July 2001, the estimated not-pooled volume of milk was 90 million pounds. After adjusting for these not-pooled volumes, the year-to-year percent change is +3.6.



CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

	FOR THE WEEK OF AUGUST 19 - 23, 2002			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/01	SAME PERIOD LAST YEAR	WEEK ENDING 08/16/02	SAME PERIOD LAST YEAR
BUTTER							
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Unsalted	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE							
Block	-0-	-0-	-0-	2,465,662	3,050,083	-0-	-0-
Barrel	-0-	-0-	-0-	1,100,984	4,025,276	-0-	-0-
Process	1,148,400	39,600	1,108,800	1,980,000	3,999,600	-0-	-0-
TOTAL	1,148,400	39,600	1,108,800	5,546,646	11,074,959	-0-	-0-
NONFAT DRY MILK							
Nonfortified	5,527,777	1,921,780	3,605,997	624,825,434	371,211,208	1,155,193,000	600,495,000
Fortified	-0-	-0-	-0-	-0-	28,151,091	46,391,000	38,227,000
TOTAL	5,527,777	1,921,780	3,605,997	624,825,434	399,362,299	1,201,584,000	638,722,000

MILK EQUIVALENT, FAT SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF AUGUST 19 - 23, 2002 =	11.0	53.0	COMPARABLE PERIOD IN 2001 =	0.3	15.5
CUMULATIVE SINCE OCTOBER 1, 2001 =	188.7	7,327.9	CUMULATIVE SAME PERIOD LAST YEAR =	190.1	4,758.2
CUMULATIVE JANUARY 1 - AUGUST 23, 2002 =	171.7	6,432.0	COMPARABLE CALENDAR YEAR 2001 =	73.5	3,275.6

* Factors used for Fat Solids Basis - Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

**Factors used for Skim Solids Basis - Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES FOR THE WEEK OF AUGUST 19 - 23, 2002 (POUNDS)

REGION	BUTTER				CHEESE		NONFAT DRY MILK	
	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS	NONFORTIFIED	FORTIFIED
MIDWEST	-0-	-0-	-0-	-0-	-0-	1,108,800	591,990	-0-
WEST	-0-	-0-	-0-	-0-	-0-	-0-	3,014,007	-0-
EAST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-

CCC ADJUSTED PURCHASES SINCE 10/1/01 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

REGION	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT (%)	
	2001/02	2000/01	2001/02	2000/01	2001/02	2000/01	2001/02	2000/01
MIDWEST	-0-	-0-	1,980,000	5,995,440	35,105,558	6,677,037	13.8	29.9
WEST	-0-	-0-	3,566,646	5,039,919	552,357,475	392,685,262	81.9	69.9
EAST	-0-	-0-	-0-	39,600	37,362,401	-0-	4.3	0.2
TOTAL	-0-	-0-	5,546,646	11,074,959	624,825,434	399,362,299	100.0	100.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER MAY 31, 2001

MANUFACTURING MILK Average Test 3.67% - \$9.90 per cwt.

BUTTER Bulk \$.8548 per pound; 1# Prints \$.8848

CHEESE 40 & 60# Blocks \$1.1314 per pound; 500# Barrels \$1.1014; Process American 5# \$1.1839; Process Am. 2# \$1.2239

NONFAT DRY MILK Nonfortified \$.9000 per pound; Fortified \$.9100; Instant \$1.0575

U.S. Dairy & Total Cow Slaughter under Federal Inspection, by Regions, for Week Ending 08/03/02 & Comparable Week 2001

Regions* (000 HEAD)	U.S. TOTAL										% DAIRY OF ALL	
	1	2	3	4	5	6	7	8	9	10	WEEK SINCE JAN 1	WEEK SINCE JAN 1
2002-Dairy	0.2	0.8	6.2	4.6	19.1	2.1	0.4	0.7	12.1	2.2	48.4	45.8
2001-Dairy	0.2	0.7	4.7	4.6	14.9	2.3	1.4	0.9	10.2	2.5	42.4	41.9
2002-All cows	0.2	1.0	8.4	11.7	29.2	13.8	15.5	3.4	15.5	6.9	105.7	46.5
2001-All cows	0.2	0.9	6.3	13.7	25.3	14.7	16.6	4.3	13.3	5.9	101.2	

SOURCE The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

CLASS III (2000-2001) AND BFP (1999) MILK PRICES, (3.5% BF, \$/CWT. FOR COMPARISON PURPOSES ONLY)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
1999	16.27	10.27	11.62	11.81	11.26	11.42	13.59	15.79	16.26	11.49	9.79	9.63
2000	10.05	9.54	9.54	9.41	9.37	9.46	10.66	10.13	10.76	10.02	8.57	9.37
2001	9.99	10.27	11.42	12.06	13.83	15.02	15.46	15.55	15.90	14.60	11.31	11.80

FEDERAL MILK ORDER CLASS PRICES FOR 2002 (3.5% BF)

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	11.96	11.95	11.62	11.47	11.26	11.03	10.62	10.48				
II	12.69	12.28	12.19	11.88	11.29	11.19	11.14					
III	11.87	11.63	10.65	10.85	10.82	10.09	9.33					
IV	11.93	11.54	11.42	11.09	10.57	10.52	10.45					

1/ Specific order differentials to be added to this base price are located at www.ams.usda.gov/dyfmoms/mib/cls_prod_cmp_pr.htm